

Message Text

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TO USDOCOSOUTH

S E C R E T STATE 183066

EXDIS ADDEE HANDLE AS SPECAT EXCLUSIVE FOR POLAD

FOLLOWING REPEAT STATE 183066 ACTION CINCUSNAVEUR DTD 06 AUG

QTE

S E C R E T STATE 183066

EXDIS-MILITARY ADDEE HANDLE AS SPECAT EXCLUSIVE

FOR POLAD

FOLLOWING REPEAT STATE 183066 ACTION USDEL SECRETARY 02 AUG

QUOTE

S E C R E T STATE 183066 TOSEC 080307

EXDIS

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A), GR, TU, MILI, PFOR

SUBJECT: ACTION MEMORANDUM: GREEK MISAPPROPRIATION OF AMMU-
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NITION AT SOUDA BAY. (S/S NO.7515655)

REF: (A) STATE 176590 (TOSEC 238) (B) ATHENS 5781
FOR THE SECRETARY THROUGH HARTMAN.

1. THE PROBLEM - THE GREEK NAVY ILLEGALLY TOOK AMMUNITION FROM US STOCKS IN CRETE. WE MUST DECIDE WHETHER TO MAKE THE GREEK GOVERNMENT FIND AND RESTORE THE AMMUNITION OR, AS IT WOULD MUCH PREFER, SIMPLY PAY FOR THE MISSING ITEMS.

2. BACKGROUND - UNDER A 1961 AGREEMENT WITH GREECE, THE US NAVY STORES AMMUNITION ITEMS AT SOUDA BAY, A NATO DEPOT IN CRETE UNDER HELLENIC NAVY CONTROL. THE GREEK NAVY PROVIDES QUARTERLY REPORTS ON STOCKS. IT IS NOT AUTHORIZED TO REMOVE AMMUNITION WITHOUT EXPRESS US PERMISSION.

3. THE MOST RECENT HELLENIC NAVY QUARTERLY REPORT, DATED MARCH 31, 1975, AGREED WITH US NAVY RECORDS OF HOLDINGS AT SOUDA. HOWEVER, NAVY PERSONNEL INSPECTING THE DEPOT IN JUNE DISCOVERED AND CONFIRMED THE EXISTENCE OF EXTENSIVE SHORTAGES OF US OWNED AMMUNITION, VALUED BETWEEN 3 AND 5 MILLION DOLLARS.

ON JULY 7, 1975, CINCUSNAVEUR CONVEYED BY LETTER TO THE CHIEF OF THE HELLENIC NAVY THE US NAVY'S CONCERN ABOUT THE MISSING AMMUNITION.

HBASSADOR KUBISCH ALSO NOTIFIED FOREIGN MINISTER AVEROFF ABOUT THE SHORTAGE. SUBSEQUENTLY, AVEROFF ACKNOWLEDGED THE MISAPPROPRIATION, WHICH HE FIRST BLAMED EXCLUSIVELY ON THE JUNTA BUT LATER SAID IT OCCURRED IN PART ALSO AFTER THE PRESENT GOVERNMENT TOOK OFFICE. AVEROFF THEN SAID THE GREEK GOVERNMENT WOULD AGREE TO RETURN THE AMMUNITION IMMEDIATELY, IF THAT SHOULD BE OUR DECISION, ALTHOUGH IT PREFERRED TO BUY THE AMMUNITION FROM US.

4. DOD AND STATE EXAMINED THIS QUESTION IN MID-JULY AND DETERMINED THAT A FIRM LINE WAS PREFERABLE TO MAKE CLEAR TO GREECE THE SERIOUSNESS WITH WHICH WE VIEWED THE GREEK MISAPPROPRIATION OF US STOCKS. GENERAL HAIG STRONGLY ADVOCATED THIS FIRM RESPONSE, WITH A CAVEAT THAT A LESS STRINGENT APPROACH MIGHT BE EXAMINED IF THE GREEKS BALKED

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AT OUR REQUEST FOR TOTAL RESTITUTION.

5. INSTRUCTIONS REFLECTING THE WASHINGTON DECISION WERE SENT TO ATHENS (REF A), THUS SETTING THE STAGE FOR THE KUBISCH-AVEROFF CONVERSATION REPORTED IN ATHENS 5781 (REF B). (REFERENCE CABLES HAVE BEEN SENT TO THE SECRETARY.)

OPTIONS

GIVEN GREEK UNHAPPINESS OVER OUR POSITION, AS EXPRESSED BY AVEROFF IN ATHENS AND FOREIGN MINISTER BITSIOS IN HELSINKI, YOUR JUDGMENT IS NEEDED AS TO WHETHER WE SHOULD PUSH AHEAD FOR FULL RESTITUTION OR TAKE ANOTHER, LESS FIRM APPROACH.

-- OPTION A

CONTINUE TO INSIST ON FULL REPLACEMENT PLUS COSTS.

-- PRO

-- THE CURRENT GREEK GOVERNMENT, AS WELL AS THE JUNTA BEFORE IT, (AS AVEROFF NOW ASSERTS) MISAPPROPRIATED AMMUNITION. A TOUGH US LINE IS ESSENTIAL, TO PREVENT FURTHER INCIDENTS OF THIS KIND.

-- ANYTHING LESS MIGHT SET A PRECEDENT, AND TEMPT OTHER NATO ALLIES, INCLUDING THE TURKS, TO MISAPPROPRIATE US WEAPONS AND AMMUNITIONS STOCKS.

-- WE WOULD NOT WANT MISAPPROPRIATED US AMMUNITION NOW IN GREEK HANDS TO BE USED ON CYPRUS OR AGAINST TURKEY.

-- FULL REPLACEMENT WOULD ALSO BE BETTER UNDERSTOOD BY THE CONGRESS, SHOULD THE MATTER BECOME PUBLIC. (SEE PARA 6)

-- ROCKEYE BOMBS, AMONG THE ITEMS TAKEN FROM SOUDA BAY, ARE IN SHORT SUPPLY AND REQUIRED BY THE NAVY.

-- CON

THE CARAMANLIS GOVERNMENT DOES NOT WANT TO BE SEEN COLLECT-
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ING AMMUNITION AND RETURNING IT TO US. THIS WOULD BE A CLEAR ADMISSION OF WRONG-DOING, WHICH THE GREEK PRESS AND OPPOSITION WOULD PROBABLY DISCOVER AND USE AGAINST THE GOVERNMENT.

-- COLLECTING THE EQUIPMENT WOULD BE A COSTLY, TIME-CONSUMING PROCESS, AND WOULD ALSO GREATLY ENHANCE THE LIKELIHOOD OF LEAKS.

-- MUCH OF THE AMMUNITION IS PROBABLY NOT USABLE; IT WOULD CLEARLY BE MORE EXPENSIVE AND CUMBERSOME TO RECONDITION THE AMMUNITION THAN TO COLLECT MONEY FROM THE GREEKS, AND REPLACE OUR STOCKS DIRECTLY FROM WAREHOUSES IN THE US.

-- IN THE GREEK GOVERNMENT'S CURRENT MOOD, IT SEEMS TO PERCEIVE OUR INSISTENCE ON FULL RESTITUTION AS AN ANTI-GREEK ACTION.

-- STRINGENT US ACTION AGAINST GREECE NOW COULD REDOUND TO OUR DISADVANTAGE WHEN US-GREEK BASE TALKS ARE RESUMED THIS FALL.

-- OPTION B

ALLOW THE GREEKS TO REPLACE AS MUCH AS THEY REASONABLY CAN
AND PAY FOR THE REMAINDER.

THE ADVANTAGES OF THIS COURSE ARE THE SAME AS THE DISADVANTAGES OF COURSE A; CONVERSELY THE DISADVANTAGES OF THIS SECOND OPTION CAN BE EQUATED WITH ARGUMENTS IN FAVOR OF OPTION A.

RECOMMENDATION

EUR, PM, AND DOD RECOMMEND OPTION B.

NOW THAT WE HAVE INDICATED TO THE GREEKS AT THE HIGHEST LEVELS THE SERIOUSNESS WITH WHICH WE VIEW THIS MATTER, WE CAN AFFORD TO BACK OFF SOMEWHAT FROM THE PRINCIPLE AT ISSUE AND TAKE A MORE PRAGMATIC APPROACH. WE FAVOR TELLING THE GREEKS THAT WE WOULD STILL PREFER TO HAVE ALL THE
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AMMUNITION RETURNED BUT THAT WE RECOGNIZE THE DIFFICULTY OF DOING THIS AND ARE PREPARED TO BE ACCOMMODATING. WHAT SHOULD BE RETURNED COULD BE DECIDED AT A TECHNICAL LEVEL. THAT IS, THROUGH NEGOTIATIONS, WE COULD DETERMINE THE AMOUNTS AND TYPES OF AMMUNITION WHICH THE GREEKS WOULD PAY FOR OR RETURN. DEPENDING ON THE STANCE WE WISHED TO ASSUME, WE COULD VARY THE REPLACEMENT/PAYMENT FORMULA AS DESIRED. THE GREEKS WOULD STILL BE EXPECTED TO PAY FOR THE ENTIRE COST OF THE INVENTORY, INSPECTION, AND TRANSFER OF AMMUNITION TO SOUDA BAY. ANY ITEM THEY WOULD PAY FOR WOULD BE AT PRESENT PRICES.

WE RECOMMEND THAT YOU APPROVE OPTION B.

APPROVE DISAPPROVE

ALTERNATIVELY, IF YOU PREFER OPTION A.

APPROVE DISAPPROVE

6. CLEARED: EUR:LBLAINGEN DOD/ISA:MGBROWN
-- PM:JGOODBY NSC - MR. MACFARLANE

7. DEPARTMENT HAS JUST BEEN TOLD BY DOD THAT CONGRESSMAN LES ASPIN (D) HAS LEARNED OF SOUDA BAY AMMUNITION SHORTAGE, AND HIS OFFICE HAS ASKED FOR AND RECEIVED A CLASSIFIED BRIEFING BY US NAVY ON SITUATION. ASPIN'S OFFICE WAS TOLD THAT DISCLOSURE OF INFORMATION DESIGNATED AS SECRET COULD DAMAGE US-GREEK RELATIONSHIP AND COULD HAVE POSSIBLE ADVERSE DOMESTIC CONSEQUENCES FOR GREEK GOVERNMENT. ASPIN'S

OFFICE DID NOT SEEM CONVINCED OF NEED FOR CONFIDENTIALITY
AND ASKEJ IF UNCLASSIFIED PAPER ON THIS SUBJECT COULD BE
DEVELOPED. BRIEFERS DID NOT REYOND DIRECTLY TO THIS
REQUEST BUT AGREED TO PROVIDE ANSWERS TO SPECIFIC ASPIN
QUESTIONS EARLY NEXT WEEK. ONE OF PRINCIPAL QUESTIONS
ASKED WAS WHETHER GREEK NAVY HAD FALSIFIED RECORDS TO
COVER UP SHORTAGE. GIVEN FACT THAT ASPIN KNOWS OF SITUAT-
ION, WE MUST ANTICIPATE THAT THE FACTS OF SOUDA BAY SHORT-
AGE WILL SOON BECOME PUBLIC KNOWLEDGE. WEHAVE INFORMED
AMBASSADOR KUBISCH. INGERSOLL UNQUOTE KISSINGER UNQTE
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KISSINGER

SECRET

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